

D.P.U. 94-8B

Application of Western Massachusetts Electric Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 896, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of June, July, and August 1994; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of §§ 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCE:

Stephen Klionsky, Esq.
Northeast Utilities Service Company
260 Franklin St., 21st floor
Boston, Massachusetts 02110

FOR: WESTERN MASSACHUSETTS ELECTRIC
COMPANY
Petitioner

I. INTRODUCTION

On May 3, 1994, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a proposed quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 896, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 586. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of June, July, and August, 1994. This matter was docketed as D.P.U. 94-8B.

Pursuant to notice duly issued, a public hearing on the Company's application was held on May 23, 1994 at the Department's offices in Boston. Notice of the hearing was published in the Springfield Daily News, the Greenfield Recorder Gazette, the Berkshire Eagle, and the Daily Hampshire Gazette. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored two witnesses: Robert A. Baumann, manager of fuel accounting and recovery, and Lisa M. Cooper, senior analyst in fuel accounting and recovery. The evidentiary record consists of two Company exhibits and three responses to Department record requests.

The Company is a wholly-owned subsidiary of Northeast Utilities ("NU") of Hartford, Connecticut, a public utility holding company. WMECo and three other wholly owned

subsidiaries, The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Holyoke Water Power Company, furnish electric service in Western Massachusetts, Connecticut and New Hampshire.

Other wholly-owned subsidiaries of NU provide support services for NU companies, and in some cases, for other New England Utilities. Northeast Utilities Service Company ("NUSCO") provides engineering, technical and other services to NU system companies. Northeast Nuclear Energy Company ("NNECO") acts as agent for the NU system companies and other New England utilities in operating nuclear generating facilities in Connecticut. North Atlantic Energy Service Corporation ("NAESCO") acts as agent for NU system companies and other New England utilities in operating Seabrook. Two other subsidiaries, Rocky River Realty Company and Quinnehtuk Company are involved in real estate matters. NU has two other principal subsidiaries, Charter Oak Energy, Inc. and HEC Inc., which have non-utility businesses.

WMECo receives some of its power requirements pursuant to contractual rights from utilities both within and without the NU system. In addition, WMECo owns nine generating units. WMECo is engaged in the generation, transmission, and distribution of electric power to serve, on average during 1993, 192,542 customers in its service territory, which includes over 50 cities and towns in Western Massachusetts. WMECo's total sales to ultimate customers, as shown in its 1993 financial report provided to the Department, were \$371,713,445.

II. FUEL CHARGE

On May 12, 1994, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for June, July and August, 1994. For these billing months,

the Company proposes a fuel charge of \$0.01149 per kilowatthour ("KWH")¹. The proposed fuel charge is \$0.00816 per KWH more than the fuel charge of \$0.00333 per KWH approved by the Department in Western Massachusetts Electric Company, D.P.U. 94-8A (1994) for meter readings for the billing months of March, April, and May, 1994.

Ms. Cooper stated that the proposed increase is primarily the result of: (1) higher forecasted energy expenses in the coming quarter because of higher forecasted load; (2) lower hydro contribution; and (3) lower percentage of nuclear contribution this quarter (Tr. at 8, 18,19; Exh. WM-2). In the summer months, load increases as customers use more electricity for air conditioning (Tr. at 18, 19). Ms. Cooper noted that the hydro contribution decreases because the summer period is typically much drier than the spring (Tr. at 21). With respect to the lower percentage of nuclear contribution, Ms. Cooper testified that: (1) the Company expects higher overall loads in the upcoming quarter; and (2) Millstone 2 is scheduled for a refueling outage during the upcoming quarter, whereas the previous quarterly fuel charge included an assumption that all of the Company's nuclear units would be in full operation (Tr. at 18, 19).

With regard to the prior period reconciliation, the Company stated that its expenses during the March-May quarter were higher than had been forecast mainly due to: (1) an extended refueling outage at Millstone Unit One; (2) an unplanned outage at Millstone Unit Two; (3) higher loads during the month of April than had been forecast; and (4) an extended unplanned

¹ The fuel adjustment clause of \$0.01135 per KWH as proposed in its May 12, 1994 filing (Exh. WM-1), was subsequently revised on May 23, 1994 to \$0.01149 per KWH (Exh. WM-2).

outage at the Connecticut Yankee unit (Exh. WM-2; Tr at 16, 17, 32). Connecticut Yankee was taken out of service on February 12, 1994, for repairs to its service water system and was brought back into service on April 4, 1994, two weeks later than originally estimated (id.).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during June, July, and August 1994:

Energy Rates By Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Transmission	2.057	1.726	1.884
Bulk Substation	2.067	1.731	1.892
Service at Primary Distribution From:			
23 kV	2.112	1.758	1.925
13.8 kV	2.137	1.772	1.946
4.8/8.3 kV	2.277	1.837	2.043
Service at Secondary Distribution From:			
23 kV Primary	2.167	1.788	1.966
13.8 kV	2.194	1.801	1.987
4.8/8.3 kV	2.336	1.866	2.086

RR-DPU-1

The short-run capacity rate proposed for this quarter is zero (RR-DPU-1, at 15).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. That the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of June, July, and August 1994, shall be \$0.01149 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. That the Qualifying Facility power purchase rates for June, July, and August 1994 shall be the rates set forth in Section III, above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Western Massachusetts Electric Company is authorized to put into effect a quarterly fuel charge of \$0.01149 per KWH as set forth in Section IV , Finding 1 of this Order for bills issued pursuant to meters reading for the billing months of June, July, and August 1994, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of June, July, and August 1994 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges; and it is

FURTHER ORDERED: That the Company shall comply with all other directives contained herein.

By Order of the Department,

Kenneth Gordon, Chairman

Barbara Kates Garnick, Commissioner

Mary Clark Webster, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).